Connecting C-suite and M&O teams with strategic asset management

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Bridging the silo between operations and finance

Unconnected processes, siloed systems, differing priorities and disagreements over budgets can contribute to disconnect between C-level executives and maintenance and operations (M&O) teams. Ultimately, this creates divisions that impact informed decision-making — and overall company morale and performance.

Silos that exist department-by-department, or level-by-level, hurt your organization. But with no usable, shareable data, the space between silos amplifies with no shared language to communicate needs.

The importance of breaking (common) ground

Without a shared denominator to understand the value of the investment, leadership and operations can't pinpoint where to best allocate funds. Many M&O teams can't speak the correct language to prove why and where funding is needed, the amount of investment required, or how to measure the performance of that capital.

Data is the golden ticket to aligning operations with upper management and overcoming these challenges. But, fail to align the two functions and risk suboptimal decision-making for budgets and inefficient resource allocation, not to mention missed opportunities to cut costs, increase asset health and uptime, or best utilize the people and resources available to your business — no one wins.

So, the question becomes clear: how do you bring the two groups together?

A case for breaking the break/fix cycle

Operations wants a larger budget but isn't leveraging the data to explain "why." Executives who speak in terms of "bottom line" and "ROI" aren't concerned about asset health; they're looking at how much money your department is saving (or spending).

A C-level that doesn't understand what's happening with operational assets, puts your organization into break/fix mode; they have no idea when an asset will break, let alone any sense of asset health or the importance of conducting regular preventive inspections. They just sign the check after an asset fails, an expense that could have been avoided with proactive maintenance.

Asset management, but make it strategic

Whether you are an operations manager looking for a seat at the table or an executive that can see the opportunities to better utilize your M&O resources, a strategic asset management (SAM) strategy based on data can change the game for your company.

SAM requires collaboration between executives and operations to build a better organization. Moving from a basic to a strategic approach can sound complex and resource intensive, but it doesn't have to be complicated to start.

If you have assets, you're already doing asset management; keeping everything humming is mission-critical for your organization. But are you being prudent about it? Strategic asset management gathers and centralizes available data from the people, facilities, fleets, infrastructure, machines, and other items in your business to manage your assets and equipment.

Leaders looking to boost ROI across their organization and ensure smooth running operations might need to overcome resistance that learning new systems or building forecasting models may create an environment where people feel pressured to produce forced outcomes. Or that the new tool will even help.

Let the data do the talking to break the silos between finance and asset managers.

We've identified **four areas of focus** that outline how your journey to a strategic approach for asset management can align your entire organization.

1 Building a data foundation: Strategic asset management is grounded in data

You think you trust your data, but how well do you know it?

If you're a C-level executive who doesn't understand the data, you may be unable to answer key questions. Do you know if your operations department is backlogged? If so, how behind are you? You need information that tells you the complete story of your assets, particularly why they are failing. It may be possible that your organization is not using strategic asset management — or using it correctly.

And what if you're in operations? Can you communicate that the last three denied budget increases are the reason for an uptick in asset failures? If only there was a way to streamline the data for actionable insights that could make a case for investments in your department...

When building your SAM foundation, creating a loop on asset data pulled from work orders and maintenance functions to ensure data integrity is valuable while ensuring that all asset information is up-to-date.

Start by gathering data from the source

To get your data right, and become confident in your data-driven decision-making, you need to know its sources. Bridging the knowledge gap between your leadership and operations starts with defining data collection processes, workflows for adding assets or new data points and establishing Facility Condition Assessment/Asset Condition Assessment (FCA/ACA).

Use preventive maintenance to grow knowledge

One of the critical steps to building a deep understanding of your data lies in conducting preventive maintenance. With a preventive maintenance program, both upper management and operations can build an understanding of how asset health is impacted.

Using data to create context

If you're an executive who doesn't understand the data — you're in trouble — you should be able to point to your data with questions about asset functions.

Scenario: CEO A and CEO B receive a data report from the operations director. If there is a knowledge gap between CEO A and the M&O team, the report will not be actionable. But if CEO B understands why they received the report, then they will know how their operations are running — which will make for more efficient strategic asset management overall.

Capture data before it leaves the building

Do you have any failure points in data retention? There is always that operations person with decades of experience with your organization. But when they retire, all that asset information goes with them. This is why executives and operations must work together to ensure that strategic asset management data is stored in one centralized place accessible to all stakeholders.

Only a clear understanding of your data can ensure that you are properly measuring the success of spending. The C-level needs to work with operations to create KPIs that provide insight into whether the organization is on the right track, and where to make improvements.

Ultimately, when you know your data, you can use it to prove funding against ROI-producing funding requests. But proving that you need SAM software requires a business case for investment — a challenge when working with your operations team if you don't speak the same language.

Luckily, clean data can help both sides communicate the most statistically successful path forward.

2 Predict the future of your assets: Strategic asset management is capital visibility

Now that you know the full story of your data, you passed the first step. Next, let us challenge you here: Is your data reliable? Do you know with certainty that you can trust it?

To tell the real story of your asset lifecycle, you need to know your data is clean. This information will be used to make the biggest impact on your assets with capital investments, requiring a SAM plan accessible to both the C-level and operational leaders.

Spring cleaning — it's not just for houses anymore

Understanding the data you need to tell the story of your asset lifecycle starts with knowing the true value of your assets. That comes from data pulled from preventive maintenance so that you know how to focus labor resources and where to optimize labor resources to extend asset life — a critical point for operations to communicate and an essential information bucket for leadership to acknowledge.

Clean data from a strategic asset management program can help you find the right balance between maintenance and asset replacement that makes the most fiscal sense for the organization. You must leverage your data to mitigate the risk of catastrophic asset failure and avoid emergent repairs by addressing higher-risk assets, ignoring low-risk degrading assets, and ultimately optimizing and extending asset life.

A case for SAM

Without a SAM solution in place, M&O teams don't have clean data to prove the need for funding. Forced away from a proactive maintenance model, teams operate with a break/fix mindset to replace assets as they fail.

Common scenario: M&O teams at hospitals are often fighting for funding that's limited across the organization. Often, executives allocate funds to higher-level departments, such as radiology which requests a $2M MRI machine.

When M&O teams are forced to do more with less budget, this leads to increased:

- **Deferred maintenance backlog**
- **Risk of operating in a reactive maintenance mode**
- **Inaccuracies in inventory**

If seven HVAC units go down, do you have backup? Or do you have the funds allocated for replacement? Do you know? Ultimately, if you have to replace several assets, does your data give you an understanding of the story of why? Your organization can't function if a whole wing loses air conditioning, which becomes an unplanned, immediate investment.

Backlog costs without visibility add up

Another key impact on capital investments is the true cost of your deferred maintenance backlog. Do you know what is backlogged on asset maintenance? How much money are you spending on reactive maintenance?

With clean data, both leadership and operations managers get a clearer picture of asset maintenance priorities for replacement costs or labor force needs — and identify where to generate savings by bundling projects in the backlog.

From a C-level perspective, understanding operational problems like backlog allows a true picture of the future of an asset's useful life that can help them identify where problems will be — and how to solve them — before they start. A CFO, for instance, views maintenance and operations solely as an expense. However, with the right SAM solution in place, you can save some of that cost through increased asset health and uptime by switching to a data-driven approach.

With the clean information derived from SAM, you can know your data a little bit better. (Or at least enough to know what to look for in predicting asset health). But what parts do you need from operations on funding requests, from an executive standpoint? Or, what is missing from the data story when you send requests from operations up the ladder?

3 Planning for the future of your assets: Strategic asset management is financial foresight

Once you understand your organization at every level and have clean data to predict the future of your assets, you can finally plan for what's next — starting with deciding where to focus funding for future projects.

Instead of worrying about the upfront cost, executives need to think about how data is going to be impactful enough to save money against the bottom line. And at the same time, operations need a full scope of information to back up their funding requests.

Decision-making is a big-picture activity

To make long-term decisions, leadership needs to first ask the following questions:

1. **Where is the funding coming from, OPEX vs. CAPEX, stimulus, funding or other sources?**
2. **Are you planning for the future, or just for now?**
3. **Have you balanced your capital expenditures across foreseeable years (5–25) to forecast your strategic plan?**

Once it's determined where the money is coming from, it's critical to work with operations to ensure they can accurately represent their departmental needs, especially when earmarking funds.

Use a holistic lens to create actionable steps with data

Remember when we said data could help create a common language between operations and upper management? To make impactful financial planning decisions, you need to zoom out of the executive perspective to see the needs of operations so you can account for capital projects that will require funding.

Long-term financial planning means you're prepared and can work to optimize your assets before they fail or become a burden, which mitigates risk.

If you're trying to plan how to execute a project down the road, you need your leadership and operations team to weigh in and recommend those steps. SAM software can help give you that common language necessary for communicating and expedite the data collection process with action plans to be implemented for projects.

4 Building the action plans: Strategic asset management is an actionable plan

Now that your strategic asset management platform tells you the status of all your assets, you know the list of preventive maintenance functions for implementation. In turn, you know what your budget needs to be. Software makes this number easier to come by, but whatever forecasting model you use needs to be communicated in a feedback loop across the organization.

For example, any operations project, from restoring a road to replacing an HVAC system will, directly and indirectly, impact all departments, physically or financially.

Efficiency + prioritization = decision-making at scale

Ideally from an executive perspective, you need to find efficiencies by grouping projects (improve buying power with economies of scale). Then you need to prioritize based on ranking risks to ensure that you're choosing the right projects at the right time to best mitigate hazards that can be more costly down the road.

Your goal should be able to properly allocate capital investment for funding by creating deliverable projects across multiple asset types and funding sources. For example, you would not want to replace asphalt for a road knowing your water pipes below are nearing the end of life.

It always boils down to communication

Building projects that encompass the scope of assets that are contributing to similar risk and share commonality to reduce budget needs. But the key to successful capital projects is communication. To break down silos, share your plans and know when to alert other departments or locations of projects to ensure all stakeholders across your organization have a voice.

A voice that's easily translated through data.

CONCLUSION

SAM: bridging the silo between operations and finance

SAM solutions streamline and create a tool that grants everyone actionable access to the data. If you're ready to get out of disconnected spreadsheets and step into a platform that can grow trust, a solid SAM strategy with proper tools can provide the structure and the repeatable business rules for delivering that message repeatedly.

Successful companies can bridge the gap through data sharing, integrated technology and internal efficiencies. The right SAM solutions break down silos so everyone who's inherently working through the same objectives (albeit with a slightly different lens) can leverage the same tools and data to ask the same business questions.

A SAM solution enables you to gather information from across your organization to improve workflows, energy efficiency, utilization, and more — all in one place — giving you actionable insights to make the smartest, aligned business decisions.

This is where Siemens Asset Management Software can help. We provide the software you need for smarter asset management. From preventing a leak in a building to repairing whole-city infrastructure, we help clients through the key phases of the asset management lifecycle. Our data-driven solutions enable you to work smarter, eliminate waste, and ultimately, save money.

Siemens Smart Infrastructure (SI) is shaping the market for intelligent, adaptive infrastructure for today and the future. It addresses the pressing challenges of urbanization and climate change by connecting energy systems, buildings, and industries. SI provides customers with a comprehensive end-to-end portfolio from a single source. Its portfolio spans products, systems, solutions, software and services from the point of power generation all the way to consumption – including infrastructure and asset lifecycle management. With an increasingly digitalized ecosystem, it helps customers thrive and communities progress while contributing toward protecting the planet. Siemens Smart Infrastructure has its global headquarters in Zug, Switzerland. As of September 30, 2024, the business had around 78,500 employees worldwide.

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